



Flows

Water Infrastructure Finance Authority of Arizona Quarterly Newsletter

WIFA's 2006 Low-Interest
Loan Applications (see Page 2)

Cash

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Janet Napolitano
Governor

WASHINGTON UPDATE

Congress Reduces FY06 Clean Water Funds *Cuts Arizona's Share by \$1.2 Million*

WIFA will receive \$1.2 million less in fiscal year 2006 to assist Arizona's counties, cities, towns and tribes in upgrading water and sewage treatment facilities due to a recent Congressional action. The U.S. House of Representatives and Senate passed H.R. 2361, the Interior and related agencies FY 2006 Appropriations bill, which cuts the clean water state revolving loan fund program by \$190 million.

Although Arizona has made significant strides in protecting and improving water

quality, there is still a tremendous need for updated and improved wastewater infrastructure in our state. Communities throughout Arizona rely on WIFA's low-interest funding to help finance their water quality projects.

Each year, states like Arizona who manage clean water revolving funds fight for federal dollars to support their programs. Congress continues to reduce the amount of

(Continued on Page 3)

Tucson Groundbreaking Ceremony



In May 2005, WIFA Chairman Steve Owens and WIFA Executive Director Jay Spector took part in the City of Tucson's Groundbreaking ceremony for their reclaimed water expansion project. WIFA provided the city with a \$2.99 loan for the wastewater project.

WIFA *Cash Flows*
Water Infrastructure
Finance Authority
of Arizona

1110 W. Washington St.,
Suite 290
Phoenix, AZ 85007
Toll free: (877) 298-0425
and (602) 364-1314

www.azwifa.gov

*"Arizona's water and
wastewater funding
source"*

WIFA's Financial Assistance Loan Process

Funding Arizona's wastewater and drinking water projects

WIFA's financial assistance loan process kicks off during August with the mailing of project priority list applications to all eligible wastewater and drinking water systems.

Each funding cycle, WIFA's job is to manage the infrastructure project requests on a first come first served basis according to established federal laws and state law and administrative code.

For funding cycle 2005, WIFA received over 130 financial assistance applications requesting nearly \$485 million in wastewater and drinking

water financial assistance. This year, WIFA's expects even more demand for finance assistance programs.

The WIFA Board will fund as many communities as possible with available resources, but the continued increased level of requests underscores the need for Arizona to receive its fair share of federal dollars. (Please read the Congressional Watch article for more information on the funding disparity issue.)

The box to the right details the process for receiving financial assistance. *CF*

Steps to Achieving Financial Assistance

Step 1: Submit Project Priority List Application (PLA)

Step 2: Meet WIFA Readiness to Proceed Requirements

Step 3: Submit Project Finance Application (PFA)

Step 4: Obtain WIFA Board Approval

Step 5: Complete Loan Agreement

PLAs may be downloaded from our website, www.azwifa.gov.

"Readiness to Proceed" Requirements

For a project to be designated ready to proceed, a borrower must have met or will meet all of the following requirements:

"Legal Capability" means the borrower is legally eligible to receive funding.

"Financial Capability" means the borrower's ability to repay a loan.

"Technical Capability" means the proposed project is technically appropriate for its intended purpose and can be operated and maintained

for the term of financial assistance.

"Managerial & Institutional Capability" means the borrower has the capability to operate the system in compliance with state and federal law.

"Debt Authority" means a public jurisdiction has obtained legal approval from its constituents to enter into long-term debt (i.e. a revenue bond election). Debt authorization may be obtained by election or assessment. The method of debt authorization among Indian tribes will vary.

Tips for Applying for WIFA Financial Assistance

💧 Projects are prioritized by public health factors, condition of facilities, local fiscal capacity, prior funding and consolidation and regionalization.

💧 Applicants who are not political subdivisions must form a political subdivision to serve as the financial assistance recipient and operating entity. Applicants may apply for a technical assistance grant or loan through WIFA to assist in forming a political subdivision. Applicants may apply for a technical assistance grant or loan through WIFA to assist in forming a political subdivision or to conform with Arizona Corporation Commission requirements.

💧 Communities may apply for a WIFA loan year-round. However, the Board must approve the project and amend the project priority list (PL) in order to receive funding.

2006 Financial Assistance Schedule

August 15, 2005
FY 2006 FA applications available

October 5, 2005
FY 2006 FA applications Due

October 12, 2005
Begin Ranking of FA applications

October 28, 2005
End Ranking of FA applications

November 1, 2005
Circulation of 2006 FA Draft IUP /
Public Comment Period Begins

November 18, 2005
Public Meeting / Public Comment
Period Ends

December 7, 2005
WIFA Committee Meetings

December 21, 2005
Board Meeting to approve Final
2006 FA CWSRF and DWSRF IUPs

January 1, 2006
2006 FA Funding Cycle Begins

December 31, 2006
2006 FA Funding Cycle Ends

The Quarter Ahead

Date	Event
Aug.15	2006 Financial Assistance Priority List Applications become available
Sept. 7	WIFA Committee Meetings*
Sept. 21	WIFA Board Meeting*
Sept. 22	WIFA's Financial Assistance Workshop*
Oct. 6	Financial Assistance Priority List Applications for 2006 Due
Oct. 6	WIFA Committee Meetings**
Oct. 19	WIFA Board Meeting*

*Meetings take place at the ADEQ Building located at 1110 W. Washington Road, Room 250 in Phoenix.

**Note that this month's Board meeting takes place on a Thursday to accommodate a Jewish observance.

Quarterly Loans Closed

Recent loan closings include:

CWRF Loans:

City of Bisbee - \$12,671,685
(Cochise County)

Country Roads Improvement District - \$4,374,948
(Yuma County)

DWRF Loans:

North Mohave Valley Utility Corporation - \$250,000
(Mohave County)

Green Valley Domestic Water Improvement District \$1,300,000
(Pima County)

Beaver Dam Water Company - \$170,703
(Mohave County)

WIFA Update: New Staff, Recent Promotions

Recent Promotions

Angelica Martinez is now WIFA's Loan Processing and Documentation Specialist. She is responsible for loan servicing, billing, travel and will assist the Financial Analyst. Angelica has served WIFA for four and a half years.

As WIFA's Senior Loan Officer, **Angie Valenzuela** is responsible for assisting the Chief Financial Officer with specialized projects and developing loan business. Angie has been employed by the State of Arizona for fourteen years and with WIFA for seven years.

After two and a half years with WIFA, **Julie Flores** is now WIFA's Financial Analyst and is in charge of loan servicing and answering account related questions.

With one year and eight months of service under her belt, **Yolanda Mendoza** is now the Assistant to the Executive Director. She provides administrative support to the Executive Director and handles inquiries made to the Executive Office.

New Staff

Mona Spellman joined WIFA in July as Controller. Mona previously worked for the Arizona Department of Economic Security. She has served Arizona through various government positions for seven years and has fifteen years of accounting experience.

Mona earned a Masters of Business Administration from the University of Phoenix and a BS in Accounting and Information Systems at Grambling State University.

In August, **Manny Brizar** joined WIFA as Staff Accountant. He previously worked for the Arizona Department of Economic Security for three and a half years and has served Arizona in state government for four years.

Additionally, Manny holds a BA in Accounting from the University of Wyoming, a Business Certificate from Cochise College and a Computer Science degree from Mountain States Technical.

Welcome aboard Mona and Manny!

ABOUT THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA *The Water Infrastructure Finance Authority of Arizona maintains and improves water quality in Arizona by providing communities and private water systems with access to low-interest financial assistance and technical assistance needed for basic water infrastructure. WIFA's funds are capitalized by contributions from the US Congress and the state of Arizona. As a leader in water infrastructure finance, WIFA has become a premier financial institution both in Arizona and nationally. Visit WIFA's Web site at www.azwifa.gov.*

Governor Hosts Tribal Summit on Housing and Infrastructure



Governor's Tribal Housing Initiative



WIFA Chairman Steve Owens and WIFA Executive Director Jay Spector present White Mountain Apache Chairman Dallas Massey, members of the White Mountain Apache Tribal Council and Housing Authority Director Gladys Bencomo with the WIFA Project of the Year Award for "Best Financial Assistance Project."

Tribal leaders and representatives gathered in Sedona on August 4 for the Governor's Tribal Summit on Housing and Infrastructure. WIFA's Executive Director Jay Spector presented WIFA's three funding programs to over 175 participants.

WIFA's participation in the summit continues our efforts to build a stronger relationship with Arizona's tribal communities.

In 2003, the White Mountain Apache Housing Authority secured \$5 million in loan funds from WIFA to support the construction of a new housing development at Apache Dawn and other areas of the Reservation. WIFA is the only state agency in the nation that is has qualified as a U.S. Department of Housing and Urban Development lender.

Governor Napolitano presented the White Mountain Apache with loan checks at a community-wide gathering in March 2003.

Additionally, WIFA Chairman Steve Owens presented Tribal Chairman Dallas Massey, Sr.

with WIFA's "Best Financial Assistance Project" award in October of 2004. The tribe received our Project of the Year Award because the WIFA funds were creatively and strategically used to reduce the residential housing shortage on the reservation.

During the 2006 technical assistance funding cycle, the Village of Moencopi (Lower) on the Hopi Reservation was awarded a \$10,000 drinking water technical assistance grant for water source rehabilitation.

WIFA continues its outreach to native communities across the state. In the last two years, WIFA Executive Director Jay Spector has made individualized presentations to the Gila River Indian Community, Yavapai Apache Nation, the Salt River Pima-Maricopa Indian Community as well as the Hopi Tribe regarding how WIFA funds can be used to fund water infrastructure projects on their respective tribal lands. *CF*

Congress Reduces FY06 Clean Water Funds Continued from Page 1

spending on the program which adversely affects our state, especially our rural communities.

The fastest growing states in the nation still appear to be left high and dry. These cuts will have a negative impact on the states' ability to continue meeting the increasing demand for low-interest financing for these much needed infrastructure projects. This will

have a profound impact on our ability to sustain the level of financing for rural communities statewide.

WIFA conservatively estimates that Arizona's federal capitalization grant should be around \$40 million per year based on the states' infrastructure needs and rapid population growth.

The EPA's Clean Water Needs Survey, conducted every four years in all 50 states and territories, estimates that Arizona

has over \$6.3 billion in clean water infrastructure needs over the next 20 years. The allocation formula is based on data from the 1970s and has not been updated in decades.

Because of the cuts, WIFA's FY06 capitalization grant is expected to be around \$6.15 million -- a reduction of \$1.2 million. *CF*